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Europe adopts new standards approach

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Regulatory Red Tape Impedes Growth

The chief executive of one of the world's leading teleprocessing services firms claims that worldwide regulatory and trade restrictions are 'strangling economic vitality, job formation and competitiveness.' Anthony L. Craig, president and chief executive officer of GE Information Services, told attendees at the Sixth World Computing Services Industry Congress in Paris:

'Europeans in 1492 boldly sailed ships across the oceans to seek new wealth, and incidentally to prove the world was round. By 1992, when European deregulation and trade liberalization could take effect, the entire world must with equal boldness abandon a flat-earth mentality with respect to global information systems. As the barriers come tumbling down, the velocity of goods, money and information will increase and nations will be more competitive in the global marketplace.'

Craig drew from a series of case studies - Benetton in Italy, Euroclear in Belgium and Navistar in the United States - to 'demonstrate how global information services now in place have improved cash flow, accelerated the velocity of money, reduced inventories, eliminated errors and streamlined cumbersome procedures.'

He also listed eight criteria for solving complex, global information problems using network-based services. Some of these criteria include: global reach, availability, reliability, multiple security levels, worldwide customer support, and hardware and software independence.

Looking toward the future, Craig said: 'The bad news is there is still "turf protection" by some European politicians and PTs. There is the extension of international regulation to value-added information services which is being proposed in the International Telecommunication Union. This is like giving the railroads, in the early days of the airplane, authority over the future of aviation.'

'There is good news, too: the rising volume of debate among businessmen

who seek the removal of barriers to the competitive offering of vital network-based information services; the proposals of the European Commission's Green Paper, and the increased attractiveness of the concept of Europe 1992.'

He cited the liberalization of UK telecommunications regulations and a growing trend in the Federal Republic of Germany to reorganize its posts and telecommunications administration to preserve and promote economic effi-

ciency as positive trends. 'Business leaders must speak out now [in mid-1988], he stressed, 'so that in 1992, in just three and a half years, restrictions that strangle their competitiveness will be dissolved. Policy-makers throughout the world must act not to strangle but to further economic vitality, job formation and competitiveness. They must embrace the liberalization that will enhance the quality of life for their people.'

ETSI LAUNCHED

Europe Adopts New Standards Approach

The first General Assembly of the European Telecommunications Standards Institute (ETSI) took place in Sophia Antipolis, France on March 28-30. It concentrated on issues relating to the constitution, program and management of the organization. ETSI was formed by the 28-country European Conference of Post and Telecommunications (CEPT) administrations to implement the European Community's (EC) policy of separation between the operational and regulatory functions in telecommunications.

This CEPT initiative was announced even before the EC Green Paper was issued. It was obvious that the CEPT wanted to exert leadership to avoid foreseeable decisions by the EC. Another reason was to preempt the EC's existing standards body CEN/CENELEC from being endowed with wider powers.

Some 160 delegates representing national telecommunications administrations, the equipment industry, associations of European manufacturers and users (INTUG and ECTUA) and officials of the European Community (DG-XIII) elected a CEPT representative from Denmark as chairman and a German official of a manufacturing company as vice chairman. A second vice chairman will be invited from the user community. The major topic the assembly then considered was that of rules of procedure.

A CEPT committee presented a draft text to the assembly.

According to the proposed rules, ETSI would have four types of member: national administrations; network operators; manufacturers, including private companies providing services to third parties; and users. A major problem was raised regarding participation of multinational companies in ETSI. Should they be represented by a single national membership or a European association, or participate from each country in which they operate? The rules of procedure recognize two special observer status situations: (1) European organizations entitled to become members but not wishing to do so; and (2) European organizations composed of experts or chartered for research purposes.

In addition to the General Assembly, ETSI consists of a secretariat, a Technical Assembly (TA), technical committees and project teams. If a consensus on a proposed standard prepared by a technical group cannot be reached, it will be referred to the TA. Project teams composed of small groups of experts are to be created by the TA. These teams will prepare technical specifications for elaboration of the proposals. Project teams formed by the TA would be involved in the agreed work program and supported financially by ETSI resources.

It will be possible for teams to be organized on a voluntary basis by certain members with costs covered by those involved.

Voting procedures in the General Assembly require further attention to determine whether there will be a weighted national system or individual member votes. The responsibilities of the General Assembly are clear, however: appointing the director; ruling on questions of membership; adoption of the budget; and determining the general policies of the institute. The TA is designated as the highest authority for the production and approval of technical standards.

As regards approval and implementation of standards, to be called European Telecommunications Standards (ETS), members agree not to support national standardization or to develop standards conflicting with the ongoing work of the institute. Draft standards prepared by the TA must be submitted for public consultation. The precise relationship between the standards functions of CEN/CENELEC and ETSI remain to be determined. ■

YVES POULLET

UNCTC SEMINAR

Asians Consider Services Impacts

The importance of services for development and investment and trade in this sector was recently reviewed at a seminar organized by the UN Center on Transnational Corporations (UNCTC) in Bangkok, Thailand. Services account for more than half the gross domestic product (GDP) of three of the six ASEAN countries, namely Malaysia, Singapore and Thailand, with Indonesia and the Philippines in the 40% range.

In an opening statement Chira Panupong, secretary general, Office of the Board of Investment, Prime Minister's Office, Government of Thailand, pointed out that despite the large percentage of ASEAN countries' GDP in services, 'like most other developing countries, the majority of ASEAN nations have a deficit in their international balance of payments in services.' Singapore, it was indicated, is the notable exception, with nearly \$2 billion surplus during the 1975-1985 period. 'The sources of the deficits in the services accounts of other ASEAN countries varies widely,' Panu-

pong reported, 'but generally deficits are due to direct investments and other flows of capital.'

The executive secretary of the Economic and Social Commission for Asia and the Pacific, S. A. M. S. Kibria, underscored a recurring theme of the seminar: 'At present our understanding of many of the issues relating to services - particularly financial, human capital and technology-intensive ones, in which the industrialized countries possess tremendous comparative advantage - is quite limited.' The Ambassador of Japan to Thailand, Tomohiko Kobayashi, urged the expansion of trade services 'through the establishment of multilateral rules and disciplines based on the free-trade principle, [which] will accelerate the development of service industries in developing countries through deregulation and transfer of interchange of technology and data. The role transnational corporations can play in this regard is very important.'

Peter Hansen, executive director of the UNCTC, observed that, 'The major challenge for a successful services agreement is to conceive a framework which provides the ultimate objective of economic development whereby all participants can benefit from trade expansion through progressive liberalization of service transactions. Such a framework must take into account the inequality of positions between developed and developing countries and the characteristic of specific service industries.'

PEOPLE

The Board of Governors of INTELSAT has elected as its new chairman *Michael Israel* of Téléglobe Canada Inc., and as vice chairman *Jonathan Parapak*, president of INDOSAT, Indonesia, for a term ending in June 1989.

The Board is responsible for making decisions regarding the design, develop-

ment, construction, procurement, establishment, operation and maintenance of the INTELSAT space segment, and for approving many other activities undertaken by the organization. The Board is composed of 29 governors representing 101 of INTELSAT's 115 signatories. ■

Africa: Recovery and Development

A special double issue of *Development*, published by the Society for International Development, focuses on the economic recovery and future development of a number of countries on the African continent. Articles include: African debt and economic recovery: required adjustment by the IMF and donor governments, *Maureen Williams*; Foreign aid in Africa, *Robert Berg*; Italy's commitment to development cooperation with sub-Saharan Africa, *Patrizio Schmidlin*; Progress in the implementation of the UN Program of Action for African Economic Recovery and Development 1986-1990, *Javier Perez de Cuellar*; Economic recovery and long-term development in Africa, *Adebayo Adedeji*; Science and technology: the situation in Africa, *Klaus Heinrich Standke*.

The full text of one of the articles - Development aid as an obstacle to self-development by *Mahdi Elmandjra* - was reproduced with permission in *TDR*, June/July 1988. Society for International Development (SID), Palazzo della Civiltà del Lavoro, 00144 Rome-EUR, Italy. Tel: (39-6) 591-7897 & 592-5506; telex: 612339 gbg; cable: SOCINTDEV 00144 ROME.



Hansen